

ASSEMBLY BILL

No. 3058

Introduced by Committee on Utilities and Commerce (Levine (Chair), Keene (Vice Chair), Blakeslee, Davis, Fuentes, Furutani, Huffman, Jones, Krekorian, Price, Smyth, and Tran)

March 3, 2008

An act to amend Section 80110 of the Water Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 3058, as introduced, Committee on Utilities and Commerce. Electric power contracts: just and reasonable charges.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable.

Existing law authorized the Department of Water Resources, until January 1, 2003, to enter into contracts for the purchase of electricity, and to sell electricity to retail end-use customers and, with specified exceptions, local publicly owned electric utilities, at not more than the department's acquisition costs and to recover those costs through the issuance of bonds to be repaid by ratepayers. Existing law requires the department to retain title to all electricity sold by it to retail end-use customers and provides that the department is entitled to recover its costs as a revenue requirement. Existing law requires any determination with regard to whether the rates and charges that apply to those contracts are just and reasonable to be made by the department and not the commission.

This bill would require the commission, instead of the department, to make those determinations with regard to any contract that is entered into by the department that is modified or renegotiated after December 31, 2003.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 80110 of the Water Code is amended to
2 read:

3 80110. (a) The department shall retain title to all power sold
4 by it to the retail end use customers. The department shall be
5 entitled to recover, as a revenue requirement, amounts and at the
6 times necessary to enable it to comply with Section 80134, and
7 shall advise the commission as the department determines to be
8 appropriate. ~~Such revenue~~

9 (b) *The revenue requirements may also include any advances*
10 *made to the department hereunder or hereafter for purposes of this*
11 *division, or from the Department of Water Resources Electric*
12 *Power Fund, and General Fund moneys expended by the*
13 *department pursuant to the Governor's Emergency Proclamation*
14 *dated January 17, 2001. For purposes*

15 (c) *For the purposes of this division and except as otherwise*
16 *provided in this section, the Public Utility Commission's authority*
17 *as set forth in Section 451 of the Public Utilities Code shall apply,*
18 *except any just and reasonable review under Section 451 shall be*
19 *conducted and determined by the department. The commission for*
20 *any contract entered into prior to January 1, 2003, that is not*
21 *modified or renegotiated on or after that date. The commission*
22 *shall exercise its authority pursuant to Part 1 (commencing with*
23 *Section 201) of Division 1 of the Public Utilities Code for any*
24 *contract entered into by the department that is modified or*
25 *renegotiated after December 31, 2003. For purposes of this*
26 *subdivision, a contract is "modified or renegotiated" if there is*
27 *any material change in the terms of the contract, including an*
28 *extension, novation, or assignment.*

29 (d) *The commission may enter into an agreement with the*
30 *department with respect to charges under Section 451 for purposes*
31 *of this division, and that agreement shall have the force and effect*

1 of a financing order adopted in accordance with Article 5.5
2 (commencing with Section 840) of Chapter 4 of Part 1 of Division
3 1 of the Public Utilities Code, as determined by the commission.

4 ~~In no~~

5 (e) *In no* case shall the commission increase the electricity
6 charges in effect on the date that the act that adds this section
7 becomes effective for residential customers for existing baseline
8 quantities or usage by those customers of up to 130 percent of
9 existing baseline quantities, until such time as the department has
10 recovered the costs of power it has procured for the electrical
11 corporation's retail end use customers as provided in this division.

12 ~~After the~~

13 (f) *After the* passage of ~~such a~~ period of time after the effective
14 ~~date of this section~~ *February 1, 2001*, as shall be determined by
15 the commission, the right of retail end use customers pursuant to
16 Article 6 (commencing with Section 360) of Chapter 2.3 of Part
17 1 of Division 1 of the Public Utilities Code to acquire service from
18 other providers shall be suspended until the department no longer
19 supplies power hereunder. The department shall have the same
20 rights with respect to the payment by retail end use customers for
21 power sold by the department as do providers of power to ~~such~~
22 *the* customers.